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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/896,705	06/29/2001	Robert E. Sutton	CENT.01USU1	9102

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EXAMINER

KARMIS, STEFANOS

ART UNIT	PAPER NUMBER
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3691

DATE MAILED: 10/06/2006

Please find below and/or attached an Office communication concerning this application or proceeding.

Office Action Summary	Application No. 09/896,705	Applicant(s) SUTTON, ROBERT E.	
	Examiner Stefano Karmis	Art Unit 3624	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 11 April 2003.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 22-29 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 22-29 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on _____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
 2. ☐ Certified copies of the priority documents have been received in Application No. _____.
 3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- | | |
|--|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892) | 4) <input type="checkbox"/> Interview Summary (PTO-413)
Paper No(s)/Mail Date. _____ |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948) | 5) <input type="checkbox"/> Notice of Informal Patent Application |
| 3) <input checked="" type="checkbox"/> Information Disclosure Statement(s) (PTO/SB/08)
Paper No(s)/Mail Date <u>1/24/05</u> . | 6) <input type="checkbox"/> Other: _____ |

DETAILED ACTION

1. The following Application has been reviewed. Claims 1-21 have been cancelled. Claims 22-28 are newly added. Therefore claims 22-29 are currently pending.

Claim Rejections - 35 USC § 101

Claims 22-29 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter. With respect to claim 22-29, the claims fail to produce a useful, concrete and tangible result. Claim 22 states that the loans are offered on a “loan-by-loan basis.” This phrase lacks being concrete because the claim is not assured and is not reproducible. It would not be obvious to one of ordinary skill in the art as to which loans should be offered when they are simply offered on a loan-by-loan basis instead of some concrete criteria.

Claim Rejections - 35 USC § 112

2. The following is a quotation of the first paragraph of 35 U.S.C. 112:

The specification shall contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same and shall set forth the best mode contemplated by the inventor of carrying out his invention.

3. Claims 22-29 are rejected under 35 U.S.C. 112, first paragraph, as failing to comply with the written description requirement. The claim(s) contains subject matter which was not described in the specification in such a way as to reasonably convey to one skilled in the relevant art that the inventor(s), at the time the application was filed, had possession of the claimed invention. With respect to claim 22, the limitations of “asserting insurance claim with said

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insurance company on behalf of said financial institution for defaults by said credit impaired borrowers; and disbursing insurance claim proceeds and proceeds from repossession sales of said vehicles to said financial institutions” is not described in the specification in such a way to allow one of ordinary skill in the art, that the application has possession of the claimed invention. The Examiner cannot find language supporting these phrases in the specification. For examination purposes, these phrases do not carry patentable weight.

4. The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

5. Claims 22-29 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.

With respect to claim 22, the phrase “credit-impaired borrowers” renders the claim indefinite. It is unclear what qualifies a borrower as credit-impaired. Therefore, it is not clear what the Applicant regards as the invention.

With respect to claim 28, the phrase “approximately 10 day” and “approximately 45 days” renders the claims indefinite because it is unclear of the timeline. For example, it is unclear if 11 days would qualify as “approximately 10 days”. Appropriate clarification is required.

Claim Rejections - 35 USC § 103

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

6. The text of those sections of Title 35, U.S. Code not included in this action can be found in a prior Office action.

7. The factual inquiries set forth in *Graham v. John Deere Co.*, 383 U.S. 1, 148 USPQ 459 (1966), that are applied for establishing a background for determining obviousness under 35 U.S.C. 103(a) are summarized as follows:

1. Determining the scope and contents of the prior art.
2. Ascertaining the differences between the prior art and the claims at issue.
3. Resolving the level of ordinary skill in the pertinent art.
4. Considering objective evidence present in the application indicating obviousness or nonobviousness.

8. Claims 22 and 25-29 are rejected under 35 U.S.C. 103(a) as being unpatentable over DeFrancesco et al. (hereinafter DeFrancesco) U.S. Patent 6,587,841 in view of Freedman et al. (hereinafter Freedman) U.S. Publication 2002/0002475.

Regarding claim 22, DeFrancesco teaches a method of managing risk in making vehicle loans on vehicles to credit impaired borrowers on a loan-by-loan basis comprising: establishing a financial service provider to manage said risk (column 22, lines 51-65), said financial service

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provider services providing services comprising: qualifying said credit-impaired borrowers using underwriting principles (column 23, lines 27-56); locating financial institutions desiring to make said vehicle loans (column 23, line 64 thru column 24, line 9); offering said vehicle loans to said financial institutions on a loan-by-loan basis (column 23, lines 17-41) and placing said vehicle loans with said financial institutions on a loan-by-loan basis as determined by said financial institutions and servicing said vehicle loans (column 24, lines 10-25). DeFrancesco teaches insurance handling along with financing (column 2, lines 30-47). DeFrancesco fails to teach details of obtaining insurance policies.

Freedman teaches obtaining non-revocable default insurance policies from an insurance company on said vehicle loans that insures said vehicle loans for the life of said loans on a loan-by-loan basis for amounts substantially equal to the difference between wholesale values of said vehicles and loan balances after repossession plus a predetermined dollar amount and a predetermined number of monthly payments missed by said credit impaired borrowers as a result of defaults (page 5, paragraph 0066 and page 11, paragraphs 0159-0163); asserting insurance claims with said insurance company on behalf of said financial institution for defaults by said credit impaired borrowers (page 7, paragraph 0116 thru page 8, paragraph 0119); disbursing insurance claim proceeds and proceeds from repossession sales of said vehicles to said financial institution (page 8, paragraph 0124-0130). It would have been obvious to one of ordinary skill in the art at the time of the Applicant's invention to modify the teachings of DeFrancesco and include the teachings of Freedman because it further elaborates the insurance handling for customers seeking vehicle loans.

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Claim 25, DeFrancesco teaches prequalifying said borrowers using underwriting guidelines. DeFrancesco fails to teach providing a card for prequalified borrowers. Official Notice is taken that providing cards for prequalified borrowers is old and well known in the financial arts. Therefore it would have been obvious to one of ordinary skill in the art at the time of the Applicant's invention to modify the teachings of DeFrancesco and Freedman and include prequalified cards because it allows for an identification for those who have been qualified to distinguish themselves.

Claim 26, DeFrancesco teaches locating said credit-impaired borrowers desiring to make said vehicle loans through vehicle dealers (column 22, lines 24-34).

Claim 27, making introductory contacts with said credit impaired borrowers to advise said borrowers that said financial service provider is servicing said vehicle loans and to verify information regarding said credit impaired borrowers and said vehicles; providing billing statements to said credit impaired borrowers prior to a payment due date; contacting said credit impaired borrowers within several days after said payment due date if payment has not been received; issuing cure letters to said credit impaired borrowers if payment has not been received after several additional days indicating the right of said financial service provider to repossess said vehicles (column 18, lines 35-64).

Claim 28, DeFrancesco and Freedman fail to teach placing demand calls to said credit impaired borrowers if loan payments are not received within approximately 10 days of said

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payment due date; conducting field visits to locate said credit impaired borrowers if no contact can be made within approximately 20 days of said payment due date; using on-line tracing services to locate said credit impaired borrowers that cannot be contacted through said field visits; repossessing said vehicles if payment has not been received after approximately 45 days from said payment due date. Official Notice it taken that placing demand calls is old and well known in the financial arts. Therefore it would have been obvious to one of ordinary skill in the art to modify the teachings of DeFrancesco and Freedman and include collection teachings because it provides ways to better administer loans by setting guidelines on loan processing.

Claim 29, DeFrancesco and Freedman teach filing insurance claims as discussed above. Claim 29 is not supported by the specification because there is no teaching in the specification regarding auction parameters such as: coordinating repossession of said vehicles; setting floor prices for said vehicles for auction; receiving proceeds from said auction of said vehicles; calculating and filing insurance claims on said default insurance; and disbursing proceeds from said auction and said insurance claims to said financial institutions.

9. Claims 23 and 24 are rejected under 35 U.S.C. 103(a) as being unpatentable over DeFrancesco et al. (hereinafter DeFrancesco) U.S. Patent 6,587,841 in view of Freedman et al. (hereinafter Freedman) U.S. Publication 2002/0002475 in further view of Levine et al. (hereinafter Levine) U.S. Patent 6,233,566.

Claim 23, DeFrancesco in view of Freedman fails to teach establishing an overall interest rate for said vehicle loans that adequately compensates said financial institutions for making said vehicle loans at a first predetermined interest rate and adequately compensates said financial service provider for providing services at a second predetermined interest rate so that said financial institution has a predetermined return and said financial service provider performs said services as a fixed percentage of said loan balances; paying the entire amount of said default insurance for the life of said vehicle loans upon establishing said vehicle loans. Levine teaches a system and method for online financial products trading which can be used for non-conforming vehicle loans (page 7, lines 30-46) in which an interest rate is established to adequately compensate the financial service provider (column 14, line 54 thru column 64). It would have been obvious to one of ordinary skill in the art at the time of the Applicant's invention to modify the teachings of DeFrancesco in view of Freedman to include the teachings of Levine because it provides greater detail when processing a loan.

Claim 24, Levine teaches selling said vehicle loans to third party purchasers and providing said financial institutions with on-going interest income on said vehicle loans (column 21, lines 23-40).

Conclusion

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Stefano Karmis whose telephone number is (571) 272-6744. The examiner can normally be reached on M-F: 8-5.

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If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Vincent Millin can be reached on (571) 272-6747. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

Respectfully Submitted
Stefano Karmis
25 September 2006



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SUPERVISORY PATENT EXAMINER
TECHNOLOGY CENTER 3600